



Contract (Third Party Rights) (Scotland) Bill

Bill Number:	SP Bill 5
Introduced on:	21 September 2017
Introduced by:	Michael Matheson MSP (Government Bill)
Passed:	21 September 2017
Royal Assent:	30 October 2017

Passage of the Bill

The Contract (Third Party Rights) (Scotland) Bill (the Bill) was introduced in the Scottish Parliament on 21 September 2017 by the Scottish Government.

The Delegated Powers and Law Reform Committee (the Committee) took Stage 1 evidence at its meetings on [14 March](#), [21 March](#), [28 March](#), [18 April](#) and [25 April](#) 2017.

The Committee published its [Stage 1 Report](#) on 12 May 2017 and the Stage 1 debate took place on [25 May 2017](#).

The Committee considered amendments to the Bill at Stage 2 on [27 June 2017](#) and the Bill as amended at Stage 2 was published on [30 August 2017](#).

The Stage 3 debate took place on [21 September 2017](#). The Bill received Royal Assent on 30 October 2017 to become the Contract (Third Party Rights) (Scotland) Act 2017.

Purpose and objectives of the Bill

The Bill is a Scottish Law Commission Bill. It reforms the common law rules on third party rights (i.e. the rules which allow the parties to a contract to create rights for third parties) and replaces them with a statutory version. The aim is to make the law clearer and more usable.

Provisions of the Bill

The Bill abolishes the existing common law rules on third party rights in Scotland (sometimes known by the Latin term *jus quaesitum tertio* or JQT). It includes provisions on:

- The creation of third party rights
- Remedies available to third parties
- Defences available against third parties
- Arbitration and third parties
- The renunciation of third party rights
- The prescription of third party rights (i.e. the time limit during which a claim can be made based on a third party right)

Further details can be found in [the SPICe Briefing](#).

Parliamentary consideration

Most of the consideration of the Bill in the Scottish Parliament was of a technical nature.

The Scottish Government brought forward [certain technical amendments at Stage 2](#). Amongst other things, these were aimed at clarifying the right of a third party to be treated as a party to an arbitration agreement and aspects of the abolition of the common law rules. The Bill passed at Stage 3 without further amendment.

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